Period ending March 24, 2020

Performance (%)	1 Week	MTD	YTD
SHGF-SMSHY A Cap USD (net)	-6.40	-13.16	-13.82
ICE BofA US HY 1-5 Yr BB-B Constrained Index	-6.69	-16.37	-17.51
Alpha	*0.29*	*3.21*	*3.69*

Key Characteristics	YTW	MTD Δ	YTD Δ	DTW	MTD Δ	YTD Δ	OAS	MTD Δ	YTD Δ
SHGF-SMSHY	10.18	5.45	6.36	3.33	1.18	1.81	968	617	756
Comparative Index	11.85	6.55	7.55	2.64	0.57	0.93	1141	718	874

Performance Commentary MTD

Talk of a bipartisan stimulus package and more details around Fed support took the market higher, with ETF buying leading the way. The Fund was able to outperform the comparative index on the up day. We took advantage of strength to raise cash. We generally sold higher-quality bonds with high dollar prices and below portfolio yields as we continue to preserve upside potential in this highly dislocated market.

Prior Commentary (Note we eliminated the prior week of daily commentary. Please refer to prior versions for daily recap since the inception of this report.)

Trading operating models across the Street continue to slow trading down although should start to improve as policies and procedures are streamlined. We also have increasingly found liquidity using electronic exchange MarketAxess – a trend that was in place prior to this period of extreme volatility. The failure of Congress to pass a stimulus package and the skyrocketing coronavirus cases in the NYC tri-state area weighed on the market. We were required to raise cash in the SMSHY fund to meet liquidity needs. Our sale candidates were generally BB securities that were below market valuations. Despite continued market weakness, the market has generally had a bid for BB rated paper and we have been able to be somewhat selective on what we chose to sell. Our liquidity strategy thus far is to manage to each day's need and respond accordingly.

SHGF-SMSHY: Sector				Index: Sector			
MTD	Average Weight (%)	Total Return (%)	Contribution to Return (%)	MTD	Average Weight (%)	Total Return (%)	Contribution to Return (%)
Utility	0.8	-6.88	-0.05	**Telecom**	7.5	-9.80	-0.72
Banking	1.1	-9.24	-0.09	**Utility**	1.8	-9.81	-0.18
Technology	6.3	-10.88	-0.69	**Technology**	5.3	-9.97	-0.52
Automotive	3.0	-20.95	-0.65	**Energy**	12.2	-36.64	-4.83
Real Estate	3.0	-17.99	-0.55	**Leisure**	4.1	-22.22	-0.93
Leisure	2.7	-17.37	-0.46	**Banking**	1.9	-17.86	-0.34

Our sustainable objectives and constraints have insulated the Fund from the two worst-performing sectors in the comparative index. We have chosen to take risk elsewhere, like automotive, which we believe "self-help" measures associated with synergies from recent M&A and asset sales are supportive of continued exposure. Transportation has been impacted by small weights in airlines, which we believe have sufficient liquidity and could be recipients of government loans to help alleviate pressure from a significant fallout of business. Our weight is also supported by a significant holding being largely related to a marine infrastructure service provider that we believe is unimpaired by the current shutdown of economic activity.

SHGF-SMSHY: Rating			
MTD	Average Weight (%)	Total Return (%)	Contribution to Return (%)
BBB	0.2	-9.95	-0.01
BB	40.0	-11.62	-4.58
B	50.9	-14.49	-7.49
CCC	7.8	-15.66	-1.22
Non Rated	0.4	-23.69	-0.09
Cash	0.8	0.03	0.00
FactSet Return – USD Gross of Fees	**100.0**	**-13.38**	**-13.38**

Index: Rating			
MTD	Average Weight (%)	Total Return (%)	Contribution to Return (%)
BBB	0.0	0.0	0.0
BB	57.8	-14.2	-8.2
B	42.2	-19.3	-8.2
CCC	0.0	0.0	0.0
Total Return	**100.0**	**-16.37**	**-16.37**

Performance has been generally well-ordered with respect to ratings. We continue to outperform across ratings. The latest repricing is allowing us to enter into BB credit at the high-end of long-term targets, which we find attractive. Our purchases were originally biased towards up-in-quality and is now shifting to more opportunistic purchases of higher-yielding bonds of issuers that we have stress-tested liquidity for weak near-term operating results and any longer-term consequences of the contagion. We are assessing opportunities in the IG market given the potential for QE and the generally greater liquidity of larger investment grade rated issuers.

SHGF-SMSHY: Risk			
MTD	Average Weight (%)	Total Return (%)	Contribution to Return (%)
Maturities within 3 years	24.2	-11.09	-2.60
Shortest duration (<1)	9.0	-8.94	-0.77
Intermediate duration (1-2)	16.4	-12.43	-2.05
Longer duration (2-3)	20.6	-13.80	-2.88
Extended duration (>3)	26.8	-17.00	-4.71
Speculative (9+ YTW)	2.2	-16.37	-0.37
New Issue & Exchanged	0.0	0.00	0.00
Cash	0.8	0.03	0.00
FactSet Return Gross of Fees	**100.00**	**-13.38**	**-13.38**

Index: Risk			
MTD	Average Weight (%)	Total Return (%)	Contribution to Return (%)
Maturities within 3 years	34.5	-11.73	-4.02
Shortest duration (<1)	7.4	-9.80	-0.72
Intermediate duration (1-2)	7.9	-12.06	-0.95
Longer duration (2-3)	17.3	-15.56	-2.69
Extended duration (>3)	24.0	-18.66	-4.55
Speculative (9+ YTW)	9.0	-35.49	-3.44
Total	**100.00**	**-16.37**	**-16.37**

Within short duration, market returns have been generally well-ordered as a somewhat longer duration has led to more outsized negative returns, though still less negative than the high yield market. We entered this period defensively positioned, and while we have experienced duration extension, we are most focused on the best risk-adjusted opportunities, which are typically in bonds maturing in 5 years or less and trading with durations of less than 3.0.

Forward Outlook

As we have tried to broadcast in our weekly briefings, we are not calling a bottom, but we are increasingly optimistic about high yield valuations at this point. In addition, we believe the Federal Reserve's most recent actions and our expectation that Congress will eventually pass a large fiscal stimulus bill will help to stabilize markets.

The portfolio continues to weather market volatility with less negative performance than the market on down days for significant outperformance YTD. Our central scenario has not changed. We expect rising default risk in the energy, leisure and potentially the transportation sectors despite an eventual stabilization of coronavirus-related impact to demand in the second half of the year. US fiscal stimulus appears to be increasingly targeted and is well received although the reality of "shelter in place" orders and homeschooling for kindergarten through college is starting to be deeply felt across the globe. We also see the risk of fallen angels entering the high yield market in sectors that have protracted earnings headwinds. The offset to this potential supply is that we believe higher-rated companies are likely to be aggressive buyers of their near-term maturities in the open market, repeating behavior we saw during the global financial crisis. While we acknowledge strong relative performance during this period of volatility, we are mindful that "pensioners cannot eat relative returns" when those relative returns are negative. As a result, we are highly focused on preservation of principal and creating a sustainable income stream that rewards our investors for their risk-taking.

We believe in the resilience of the people that are behind markets and economies and we are ourselves optimistic by nature. That being said, the reality of the moment is without precedent and we will continue to be as transparent around risks and opportunities as possible as we move deliberately forward investing on behalf of our clients around the globe.